

METHOD FOR MANAGING A FINANCIAL SECURITY

Abstract of the Disclosure

A financial security product and method for managing a financial security, such as a variable annuity, which enables financial service providers to deduct the fees, costs and expenses associated with managing the financial security product. In a preferred embodiment, the method enables financial service providers to provide optional benefits to investors of a financial security without the need for maintaining separate unit prices for each potential combination of optional benefits. The method comprises periodically declaring a dividend with respect to the financial security and deducting at least a portion of the fees associated with managing the financial security from the declared dividend. The amount of the fees can vary depending upon the number of optional benefits, if any, selected to be provided with the financial security by the investor. In a preferred embodiment, any remaining dividend after the fees have been deducted is reinvested into the financial security.

In a preferred embodiment, the process for declaring the dividend, assessing and deducting the management fees, reinvesting the remainder of the dividend and determining the new value of the financial security is accomplished using a series of calculations via an automated system such as a computer program.